

STATE OF MARYLAND
OFFICE OF THE GOVERNOR



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TTY USERS CALL VIA MD RELAY

April 24, 2019

Carolyn Quattrochi
Deputy Attorney General
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202

Re: NVR, Inc. / Sunset Island Condominiums in Ocean City, Maryland

Carolyn:

Governor Hogan has recently received many complaints from Maryland residents who own condominiums in Ocean City, Maryland that were constructed by NVR, Inc. As you may know, NVR, Inc. sells and constructs homes under the Ryan Homes, NVHomes and Heartland Homes brands.

It is my understanding that the homeowner's association board for Sunset Island Condominiums filed a complaint in July 2018 with the Office of the Attorney General regarding NVR, Inc.'s alleged failure to adhere to building and safety codes and alleged failure to adhere to as built plans. I also understand that the board provided a copy of communications from NVR to owners that could be interpreted as misleading, as well as examples of similar issues with NVR, Inc. throughout the state of Maryland.

I respectfully request that the Attorney General's Office carefully review these complaints against NVR, Inc. It is of great concern that Maryland homeowners may have been negatively impacted by potentially defective construction practices. Let me know if I can be of any assistance to you with regard this investigation.

Very truly yours,

Robert F. Scholz
Chief Legal Counsel

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TTY USERS CALL VIA MD RELAY

April 24, 2019

Thomas Sherts
Diana Johnson
t.sherts@gmail.com

Re: NVR, Inc. / Condominiums in Ocean City, Maryland

Dear Ms. Johnson and Mr. Sherts:

Thank you for your email to Governor Hogan regarding NVR, Inc. In particular, you are requesting clarification of Maryland's consumer protection laws.

The most appropriate agency to handle your request is the Consumer Protection Division of the Maryland Office of the Attorney General. As you are probably aware, the Attorney General is an independently elected constitutional officer so we do not have the authority to answer your questions or meet your concerns. Based on your correspondence I understand that you have already reached out to that agency and are awaiting a response. I have requested that the Attorney General's Office look closely at the NVR issues.

It is obvious that you, and perhaps others at the condominium, have serious claims against NVR, Inc. If you have not done so already, I strongly recommend that you contact a lawyer regarding any legal options that may be available to you. You should consult with an attorney immediately as your rights and remedies may be or become barred by the passage of time. The Maryland State Bar Association's Lawyer Referral Service (410-539-3112) can help you find a lawyer with expertise in these matters.

Thank you again for your correspondence.

Very truly yours,

A handwritten signature in blue ink, appearing to read "R. Scholz", written over the typed name and title.

Robert E. Scholz
Chief Legal Counsel



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

May 27, 2019

The Honorable Brian E. Frosh
Office of Attorney General
200 St. Paul Place
Baltimore, MD 21202

Dear Attorney General Frosh,

I am writing to seek your office's assistance in a matter related to consumer protection. Serious concerns have been raised by condo owners at the Sunset Island condominium complex in Ocean City, Maryland about the workmanship of the buildings by NVR. I encourage your office to start an investigation into this matter, if one is not already being pursued.

Owner's complaints about the conditions of the condo buildings date back to 2008, when the condos were newly constructed. Building code violations have been reported in at least 11 buildings. And because of repeated infiltration of water, extensive repairs are being performed that will cost each unit owner roughly \$90,000. This is a major financial hit for these residents.

This issue was brought to my attention by residents of my district that own a vacation property at Sunset Island. They have also been in touch with Delegate Wayne Hartman, who represents Ocean City. It is my understanding that although your office cannot force the condo's builder, NVR, to pay for the necessary repairs, the property owners could elect to pursue this matter in civil court.

The purpose of this letter is regarding concerns about a potential pattern of behavior by NVR in constructing inferior housing. A report by a third party engineering firm retained by the owners at Sunset Island found deficiencies in terms of the original design and construction, as well as in the repairs performed by NVR in 2009-2010. As Sunset Island is not the first property with complaints about NVR's construction and given the company's presence in six Maryland counties, I respectfully request that an investigation be initiated.

Thank you in advance for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Julie Palakovich Carr".

Delegate Julie Palakovich Carr

MARY BETH CAROZZA
Legislative District 38
Somerset, Wicomico,
and Worcester Counties

Education, Health, and Environmental Affairs
Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

June 18, 2019

The Honorable Brian E. Frosh
Attorney General, State of Maryland
200 St. Paul Place
Baltimore, MD 21202

Dear Attorney General Frosh:

I understand that the homeowners at Sunset Island, 67th Street in Ocean City, have registered complaints against NVR Homes arising out of their building practices, and have asked the Attorney General's Office to investigate the matter. Your office responded earlier this year that it cannot compel a business to submit to arbitration and apparently closed the case. Since then, the homeowners have engaged their elected officials to ask for assistance in the matter and specifically have requested that we follow up with you and with Governor Larry Hogan to request that this matter be investigated for all compliance with the law. Obviously, mediation and arbitration would be preferable to proceeding to a formal enforcement action on this matter, but that does not appear to be an option at this point.

Delegate Wayne Hartman and I have both met on site with the homeowners and have viewed the condition of the buildings (as late as June 14th). Those conditions – and the confusing history of repairs, secrecy agreements, and releases – make it appear that the construction and subsequent repairs did not meet code and safety requirements and that some consumer protection issues are also present. It is difficult to imagine how the conditions observable at Sunset Island would have resulted in a construction conducted in a workmanlike manner, in conformance with our building code. The conditions observed raise concerns of safety and building integrity.

I was given to understand that your office may recently have requested additional information from the owners at Sunset Island, and hope that that is the case, and that your office is in fact investigating in this matter. If not, I respectfully ask that you review the attached summary, which I believe contains some new information which your office may not yet have seen, and consider what action might be taken to assist these homeowners who have experienced a tremendous financial and emotional toll in repairing these buildings.

I am obviously sensitive to limitations of assistance in a legal case, but trust that your office will do all within its power to protect the legitimate interests of the citizens of the State of Maryland.

I will be happy to assist in any effort to help resolve this matter.

Sincerely,

A handwritten signature in blue ink that reads "Mary Beth Carozza". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

MARY BETH CAROZZA
State Senator – District 38
Somerset, Worcester and Wicomico